



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5949-N-01]

Notice of Aged Delinquent Portfolio Loan Sale (ADPLS)

AGENCY: Office of the Assistant Secretary for Housing - Federal Housing Commissioner, HUD.

ACTION: Notice of sales of mortgage loans.

SUMMARY: This notice announces HUD's intention to competitively sell certain unsubsidized single family mortgage loans, in a sealed bid sale offering called ADPLS, without Federal Housing Administration (FHA) mortgage insurance. This notice also generally describes the bidding process for the sale and certain persons who are ineligible to bid. This is the first ADPLS offering, and the sale will be held on May 18, 2016.

DATES: For this sale action, the Bidder's Information Package (BIP) was made available to qualified bidders on April 11, 2016. Bids for the ADPLS sale will be accepted on the Bid Date of May 18, 2016 (Bid Date). HUD anticipates that award(s) will be made on or after May 18, 2016 (the Award Date).

ADDRESSES: To become a qualified bidder and receive the BIP, prospective bidders must complete, execute, and submit a Confidentiality Agreement and a Qualification Statement acceptable to HUD. Both documents are available via the HUD website at:

<http://www.hud.gov/sfloansales> or via: <http://www.verdiassetsales.com>

Please execute electronically or mail and fax executed documents to Verdi Consulting, Inc.:

Verdi Consulting, Inc.

8400 Westpark Drive

4th Floor

McLean, VA 22102

Attention: HUD ADPLS Coordinator

Fax: 1-703-584-7790

FOR FURTHER INFORMATION CONTACT: John Lucey, Director, Asset Sales Office, Room 3136, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410-8000; telephone 202-708-2625, extension 3927. Hearing- or speech-impaired individuals may call 202-708-4594 (TTY). These are not toll-free numbers.

SUPPLEMENTARY INFORMATION:

HUD announces its intention to sell in ADPLS certain unsubsidized non-performing mortgage loans (Mortgage Loans) secured by single family properties located throughout the United States. A listing of the Mortgage Loans is included in the due diligence materials made available to qualified bidders. The Mortgage Loans will be sold without FHA insurance and with servicing released. HUD will offer qualified bidders an opportunity to bid competitively on the Mortgage Loans.

The Bidding Process

The BIP describes in detail the procedure for bidding in ADPLS. The BIP also includes a standardized non-negotiable Conveyance, Assignment and Assumption Agreement (CAA Agreement). Qualified bidders will be required to submit a deposit with their bid. Deposits are calculated based upon each qualified bidder's aggregate bid price.

HUD will evaluate the bids submitted and determine the successful bid, in terms of the best value to HUD, in its sole and absolute discretion. If a qualified bidder is successful, the

qualified bidder's deposit will be non-refundable and will be applied toward the purchase price. Deposits will be returned to unsuccessful bidders. For ADPLS, settlements are expected to take place on or about June 27, 2016, and July 29th, 2016.

This notice provides some of the basic terms of sale. The CAA Agreement, which is included in the BIP, provides comprehensive contractual terms and conditions. To ensure a competitive bidding process, the terms of the bidding process and the CAA Agreement are not subject to negotiation.

Due Diligence Review

The BIP describes how qualified bidders may access the due diligence materials remotely via a high-speed Internet connection.

Mortgage Loan Sale Policy

HUD reserves the right to remove Mortgage Loans from ADPLS at any time prior to the Award Date. HUD also reserves the right to reject any and all bids, in whole or in part, and include any Mortgage Loans in a later sale. Deliveries of Mortgage Loans will occur in at least two settlements and the number of Mortgage Loans delivered will vary depending upon the number of Mortgage Loans the Participating Servicers have submitted for the payment of an FHA insurance claim. The Participating Servicers will not be able to submit claims on loans that are not included in the Mortgage Loan Portfolio set forth in the BIP.

There can be no assurance that any Participating Servicer will deliver a minimum number of Mortgage Loans to HUD or that a minimum number of Mortgage Loans will be delivered to the Purchaser.

The ADPLS Mortgage Loans are assigned to HUD pursuant to section 204(a)(1)(A) of the National Housing Act as amended under Title VI of the Departments of Veterans Affairs and

Housing and Urban Development and Independent Agencies Appropriations Act, 1999. The sale of the Mortgage Loans is pursuant to section 204(g) of the National Housing Act.

Mortgage Loan Sale Procedure

HUD selected an open competitive whole-loan sale as the method to sell the Mortgage Loans for this specific sale transaction. For ADPLS, HUD has determined that this method of sale optimizes HUD's return on the sale of these Mortgage Loans, affords the greatest opportunity for all qualified bidders to bid on the Mortgage Loans, and provides the quickest and most efficient vehicle for HUD to dispose of the Mortgage Loans.

Bidder Ineligibility

In order to bid in ADPLS as a qualified bidder, a prospective bidder must complete, execute and submit both a Confidentiality Agreement and a Qualification Statement acceptable to HUD. In the Qualification Statement, the prospective bidder must provide certain representations and warranties regarding (i) a prospective bidder, (ii) a prospective bidder's board of directors, (iii) a prospective bidder's direct parent, (iii) a prospective bidder's subsidiaries, and (iv) any related entity with which the prospective bidder shares a common officer, director, subcontractor or sub-contractor who has access to Confidential Information as defined in the Confidentiality Agreement or is involved in the formation of a bid transaction ("Related Entities"), and (v) a prospective bidder's repurchase lenders. The prospective bidder is ineligible to bid on any of the Mortgage Loans included in ADPLS if the prospective bidder, its Related Entities or its repurchase lenders, is any of the following, unless other exceptions apply as provided for the in Qualification Statement.

1. An individual or entity that is currently debarred, suspended, or excluded from doing business with HUD pursuant to the Governmentwide Suspension and Debarment regulations at Title 2 of the Code of Federal Regulations, Parts 180 and 2424;
2. An individual or entity that is currently suspended, debarred or otherwise restricted by any department or agency of the federal government or of a state government from doing business with such department or agency;
3. an individual or entity that is currently debarred, suspended, or excluded from doing mortgage related business, including having a business license suspended, surrendered or revoked, by any federal, state or local government agency, division or department;
4. An entity that has had its right to act as a Government National Mortgage Association (“Ginnie Mae”) issuer terminated and its interest in mortgages backing Ginnie Mae mortgage-backed securities extinguished by Ginnie Mae;
5. An individual or entity that is in violation of its neighborhood stabilizing outcome obligations or post-sale reporting requirements under a Conveyance, Assignment and Assumption Agreement executed for a past sale;
6. An employee of HUD’s Office of Housing, a member of such employee’s household, or an entity owned or controlled by any such employee or member of such an employee’s household with household to be inclusive of the employee’s father, mother, stepfather, stepmother, brother, sister, stepbrother, stepsister, son, daughter, stepson, stepdaughter, grandparent, grandson, granddaughter, father-in-law, mother-in-law, brother-in-law, sister-in-law,

- son-in-law, daughter-in-law, first cousin, the spouse of any of the foregoing, and the employee's spouse;
7. A contractor, subcontractor and/or consultant or advisor (including any agent, employee, partner, director, or principal of any of the foregoing) who performed services for or on behalf of HUD in connection with the sale;
 8. An individual or entity that knowingly acquired or will acquire prior to the sale date material non-public information, other than that information which is made available to Bidder by HUD pursuant to the terms of this Qualification Statement, about Mortgage Loans offered in the sale;
 9. An individual or entity that knowingly uses the services, directly or indirectly, of any person or entity ineligible under 1 through 11 to assist in preparing any of its bids on the Mortgage Loans;
 10. An individual or entity which knowingly employs or uses the services of an employee of HUD's Office of Housing (other than in such employee's official capacity); or
 11. A Participating Servicer that contributed Mortgage Loans to a pool on which the Bidder is placing a bid.

The Qualification Statement has additional representations and warranties which the prospective bidder must make, including but not limited to the representation and warranty that the prospective bidder or its Related Entities are not and will not knowingly use the services, directly or indirectly, of any person or entity that is, any of the following (and to the extent that any such individual or entity would prevent Bidder from making the following representations,

such individual or entity has been removed from participation in all activities related to this sale and has no ability to influence or control individuals involved in formation of a bid for this sale):

(1) An entity or individual is ineligible to bid on any included Mortgage Loan or on the pool containing such Mortgage Loan because it is an entity or individual that:

(a) Serviced or held any Mortgage Loan at any time during the two-year period prior to the bid, or

(b) Is any principal of any entity or individual described in the preceding sentence;

(c) Any employee or subcontractor of such entity or individual during that two-year period; or

(d) Any entity or individual that employs or uses the services of any other entity or individual described in this paragraph in preparing its bid on such Mortgage Loan.

Freedom of Information Act Requests

HUD reserves the right, in its sole and absolute discretion, to disclose information regarding ADPLS, including, but not limited to, the identity of any successful qualified bidder and its bid price or bid percentage for any pool of loans or individual loan, upon the closing of the sale of all the Mortgage Loans. Even if HUD elects not to publicly disclose any information relating to ADPLS, HUD will disclose any information that HUD is obligated to disclose pursuant to the Freedom of Information Act and all regulations promulgated thereunder.

Scope of Notice

This notice applies to ADPLS and does not establish HUD's policy for the sale of other

mortgage loans.

Dated: May 11, 2016

Edward L. Golding
Principal Deputy Assistant Secretary for Housing

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